

21 SEP 1997

Anwar-Currency

NO NEW RULES ON CURRENCY TRADING, SAYS ANWAR

By: Azman Ujang

HONG KONG, Sept 21 (Bernama) -- Malaysia will not introduce new rules and regulations for foreign exchange trading in Malaysia, Deputy Prime Minister Datuk Seri Anwar Ibrahim said today.

Clarifying a Hong Kong newspaper report today which quoted Prime Minister Datuk Seri Dr Mahathir Mohamad as saying Malaysia would limit its foreign exchange dealing to the financing of trade, Anwar said what Dr Mahathir meant was that there was an urgent need to study the adverse implications due to excessive speculation in the ringgit.

"This we would certainly urge using the IMF (International Monetary Fund) forum. But for all intents and purposes, there is absolutely no change in practice of currency trading at present," he told reporters here after a meeting between the finance ministers of Asean countries and their Japanese counterpart Hiroshi Mitsuzuka.

Dr Mahathir was reported to have said this in an interview with the Sunday Morning Post.

He said Malaysia had ventured and was committed to market liberalisation, adding the Malaysian trading in currency and market regime was quite liberal.

The position which Malaysia had taken was in regard to the future negotiations with the World Trade Organisation (WTO) over the financial services sector.

Malaysia, he said, had indicated it would like to proceed with liberalising this sector only on condition that there was an effective guidelines mechanism to protect emerging economies from unscrupulous speculators.

Anwar said in his speech at the meeting of Asean and European finance ministers in Bangkok earlier this week, he suggested that the IMF introduce guidelines to make sure that there was effective supervision like those in the banking sector.

Asked if he felt the WTO meeting in December would strike a deal on liberalising the financial market, he said this was possible if arrangements were made now to ensure adequate protection for the emerging economies especially after what happened following the effects of the market turmoil in Thailand and its contagion effects to the region.

"I am still hopeful for further liberalisation because there's no alternatives to further liberalisation," he said.

On the proposal for an Asean Fund to bail out countries facing problems caused the currency market turmoil, he said the finance ministers of the region would continue to pursue the matter with the IMF.

The proposal was still at a preliminary stage and all the details were still being studied.

Asked if he thought there would be negative reaction to the currency and stock markets caused by statements purportedly made by Dr Mahathir in the newspaper interview, Anwar said: "No, I read that and I just called him one and a half hours ago and I am now saying clearly that there's absolutely no change in currency trading in Malaysia."

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